

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02169A K
Keaton Development Company
PO Box 905
Salome AZ 85348

RECEIVED

JUL 18 2008

07-18-08 09:45 RCVD

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

7-18-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) _____ Keaton Development Company _____		
Mailing Address ____ PO Box 905 _____ (Street)		
_____ Salome _____ (City)	AZ 85348 _____ (State)	_____ (Zip)
928-859-3982 Telephone No. (Include Area Code)	928-859-3984 Fax No. (Include Area Code)	_____ Cell No. (Include Area Code)
Email Address _____ keatonwater@msn.com _____		
Local Office Mailing Address _____ same as above _____ (Street)		
_____ (City)	_____ (State)	_____ (Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: _____ William S Scott _____ (Name) (Title)			
PO Box 905 (Street)	Salome AZ 85348 (City)	_____ (State)	_____ (Zip)
928-859-3982 Telephone No. (Include Area Code)	928-859-3984 Fax No. (Include Area Code)	_____ Cell No. (Include Area Code)	
Email Address _____ Keatonwater@msn.com _____			
On Site Manager: _____ William S Scott _____ (Name)			
same as above (Street)	_____ (City)	_____ (State)	_____ (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____ Frontier Accounting Service, Lanna Mesenbrink _____ (Name)

125 E Apache St Wickenburg AZ 85390			
(Street)	(City)	(State)	(Zip)
928-684-2247	928-684-0066		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: Richard L Sallquist			
(Name)			
2525 E Arizona Biltmore Circle Suite 117	Phoenix AZ 85016		
(Street)	(City)	(State)	(Zip)
602-224-9222	602-224-9366		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	X <input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
X <input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1250		
302	Power Generating Eqt	25694		
303	Land and Land Rights	8200		
304	Structures and Improvements	35608		
307	Wells and Springs	82495		
311	Pumping Equipment	84539		
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	45102		
331	Transmission and Distribution Mains	307357		
333	Services			
334	Meters and Meter Installations	5837		
335	Hydrants	26856		
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4709		
341	Transportation Equipment	3000		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	630647	266346	364301

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1250		
302	Power Generating Eqt	25694		
303	Land and Land Rights	8200		
304	Structures and Improvements	35608		
307	Wells and Springs	82495		
311	Pumping Equipment	84539		
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	45102		
331	Transmission and Distribution Mains	307357		
333	Services			
334	Meters and Meter Installations	5837		
335	Hydrants	26856		
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4709		
341	Transportation Equipment	3000		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	630647		

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ (262)	\$(1609)
134	Working Funds		
135	Temporary Cash Investments		107633
141	Customer Accounts Receivable		(2743)
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	128122	
	TOTAL CURRENT AND ACCRUED ASSETS	\$127860	\$103282
	FIXED ASSETS		
101	Utility Plant in Service	\$617247	\$630647
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	266346	266346
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$350901	\$364301
	TOTAL ASSETS	\$478761	\$467583

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		18610
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$1522	\$23230
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$128102	\$120087
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	16000	7875
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 16000	\$ 7875
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS	252005 Beg	252005
201	Common Stock Issued	\$50000	\$50000
211	Paid in Capital in Excess of Par Value	25000	25000
215	Retained Earnings	(12547)	4761
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$333137	\$331766
	TOTAL LIABILITIES AND CAPITAL	\$478761	\$467583

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$161886	\$181452
460	Less Sales Tax		(11920)
474	Other Water Revenues	643	4505
	TOTAL REVENUES	\$162530	\$174037
	OPERATING EXPENSES		
601	Salaries and Wages	\$59406	\$49608
610	Purchased Water		
615	Purchased Power	19447	19190
618	Chemicals		
620	Repairs and Maintenance	6102	17941
621	Office Supplies and Expense	8946	12587
630	Outside Services	3066	34880
635	Water Testing	5539	6604
641	Rents	2750	994
650	Transportation Expenses	9925	13972
657	Insurance – General Liability	7898	7884
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income	4689	4580
408.11	Property Taxes	11854	10709
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$140122	\$178949
	OPERATING INCOME/(LOSS)	\$22408	\$(4912)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	1500	8362
427	Interest Expense	2228	2102
	TOTAL OTHER INCOME/(EXPENSE)	\$3728	\$10464
	NET INCOME/(LOSS)	\$18680	\$(15375)

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/23/1999			
Source of Loan	WIFA			
ACC Decision No.				
Reason for Loan	Business			
Dollar Amount Issued	\$48121	\$	\$	\$
Amount Outstanding	\$34939	\$	\$	\$
Date of Maturity				
Interest Rate	8%	%	%	%
Current Year Interest	\$2102	\$	\$	\$
Current Year Principle	\$3942	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME Keaton Development Company

Name of System:

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
B-5-1328-A	60	500		16 inches	n/a	
B-5-1221 dde	60	600		16 inches	n/a	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10 hp	4		
5 hp	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20000	1	5000	1
14000	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Keaton Development Company	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	880
3	PVC	3280
4	PVC	4455
5		
6	PVC	21615
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	500
3/4	
1	
1 1/2	1
2	
Comp. 3	
Turbo 3	1
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Chlorination system

STRUCTURES:

Pumphouse booster

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Keaton Development Company	
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	482	1,954,293	2,239,860	N/A
FEBRUARY	490	1,912,050	2,076,486	
MARCH	488	2,036,310	2,280,667	
APRIL	486	1,927,940	2,101,465	
MAY	496	2,337,600	2,438,874	
JUNE	484	2,236,500	2,431,076	
JULY	484	2,336,500	2,442,300	
AUGUST	484	1,831,700	1,970,909	
SEPTEMBER	482	2,282,100	2,632,500	
OCTOBER	483	2,086,500	2,242,500	
NOVEMBER	484	2,075,100	2,319,900	
DECEMBER	485	1,700,100	1,873,000	
TOTALS →		24,516,693	27,139,647	

What is the level of arsenic for each well on your system? _____.0057____mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(x) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (x) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Keaton Development Company YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 5277.30

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) LA PAZ
NAME (OWNER OR OFFICIAL) TITLE William S Scott, President
COMPANY NAME KEATON DEVELOPMENT COMPANY

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

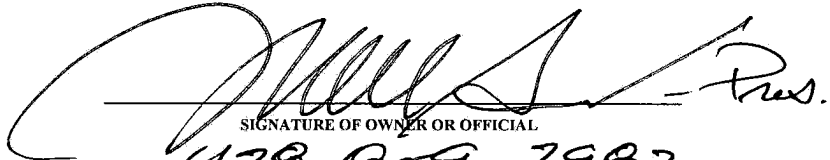
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

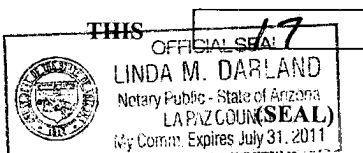


SIGNATURE OF OWNER OR OFFICIAL
428-859-3982

TELEPHONE NUMBER

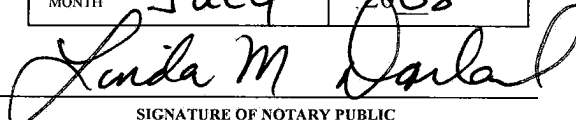
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF July

COUNTY NAME	<u>LA PAZ</u>	
MONTH	<u>July</u>	<u>2008</u>



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 7-31-11

COMPANY NAME _____ Keaton Development Company _____ **YEAR ENDING 12/31/2007**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ N/A _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____ N/A _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAY 02 2008

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>LA PAZ</u>
NAME (OWNER OR OFFICIAL) TITLE <u>William S Scott, President</u>
COMPANY NAME <u>KEATON DEVELOPMENT COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

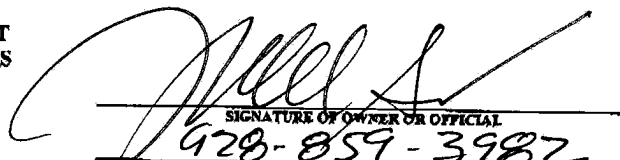
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 185165.

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 11920
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
928-859-3982
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

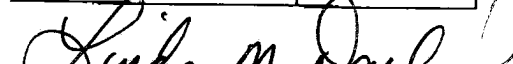
THIS 28th DAY OF



LINDA M. DARLAND
Notary Public
State of Arizona
LA PAZ COUNTY
My Comm. Expires July 27, 2011

MY COMMISSION EXPIRES 7-31-11

COUNTY NAME <u>LA PAZ</u>	
MONTH <u>April</u>	20 <u>08</u>


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

MAY 02 2008

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>La Paz</u>	
NAME (OWNER OR OFFICIAL) <u>William S Scott</u>	TITLE <u>President</u>
COMPANY NAME <u>KEATON DEVELOPMENT COMPANY</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 185165

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 11920**

IN SALES TAXES BILLED, OR COLLECTED)

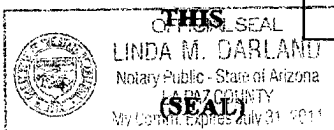
***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

[Signature]
SIGNATURE OF OWNER OR OFFICIAL

928-859-3982
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



MY COMMISSION EXPIRES 7-31-11

NOTARY PUBLIC NAME <u>LINDA M. DARLAND</u>	
COUNTY NAME <u>LA PAZ</u>	
MONTH <u>April</u>	YEAR <u>2008</u>

DAY OF

30th

X

[Signature]
SIGNATURE OF NOTARY PUBLIC